Saskatchewan
Finance

Revenue Division
2350 Albert Street
Regina, Sask.
S4P 4A6

Information Bulletin

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Saskatchewan

THE PROVINCIAL SALES TAX ACT

NOTIFICATION OF A CHANGE IN THE APPLICATION OF TAX TO USED LIGHT VEHICLES

This notice has been prepared to help you apply and collect the Provincial Sales Tax (PST). It is a general guide and not a substitute for the legislation.

Effective November 8, 2007, PST no longer applies to the sale of used light vehicles on which PST has previously been paid in full.

Eligible Vehicles

The following light vehicles are eligible for the PST exemption if they meet the definition of "used" below:

- All cars;
- All sport utility vehicles;
- All light vans (mini-vans, passenger vans and cargo vans that are rated "one ton" or less); and,
- All light trucks (quarter ton, half ton, three-quarter ton and one ton trucks).

Excluded from the exemption are heavy vehicles, buses, trailers, motor homes, motorcycles, mopeds and leisure vehicles such as ATV's, snowmobiles and boats.

Definition of "Used" Light Vehicles

To be eligible for the tax exemption, a vehicle described above must have had the Saskatchewan PST previously paid in full on it. Where a vehicle was acquired and in part financed with a trade-in, the acquired vehicle will be deemed to be fully tax paid.

Effective January 7, 2008 dealers are required to collect PST on the sale of used light vehicles that have not had the PST paid in full by a previous owner. The option available during the transition period that allowed dealers to self assess PST on their cost of used light vehicles acquired for resale has been discontinued.

Acid-free Paper

The following previously-owned vehicles are not eligible for the tax exemption if PST has not previously been paid in full:

- Vehicles purchased from outside Saskatchewan (other than settler's effects);
- Vehicles imported for resale in Saskatchewan;
- Vehicles on which tax was only partially paid such as leased units;
- Vehicles purchased from a status Indian or the federal government; and,
- Vehicles received as a gift from a non-resident donor.

Parts and Service

Parts, modifications and service to a tax paid used light vehicle are subject to PST. Extended warranties and accessories sold with a tax paid used light vehicle are subject to tax and must be segregated from the selling price of the vehicle.

Leased and Prorate Vehicles

The lease payments on a previously owned light vehicle that has had the PST paid in full on it, including parts and repairs, are not subject to tax.

A new vehicle that has been the subject of a lease is not considered to have had the tax fully paid on it. Therefore, the exercise of a buy-out option or any other sale of such a vehicle is subject to tax.

Vehicles that are subject to the province's pro-rate programs are not considered to have had the tax fully paid on them and are subject to tax when they are sold.

Trade-Ins

The value of a used light vehicle accepted as a trade-in on the purchase of another vehicle may be subtracted from the purchase price before the PST is applied. To qualify as a trade-in for PST purposes, the vehicle must be registered by the current owner for a period of at least 6 months.

Refund of Tax Paid on Eligible Used Light Vehicle

A person who paid PST on an eligible used light vehicle purchased on or after November 8, 2007 may apply to Saskatchewan Finance for a refund of the PST paid on that vehicle.

See Information Bulletins PST-18 and PST-48 for additional information on the application of PST to sales, leases and rentals of motor vehicles and recreational vehicles.

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Internet: Provincial Sales Tax bulletins, forms and information are available on the Internet at: http://www.finance.gov.sk.ca/taxes/pst